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December 15, 2008

AGENDA ITEM 3g

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Board's Independent General Investment Consultant Contract
- II. PROGRAM:** CalPERS Total Fund
- III. RECOMMENDATION:** Subject to direction from the Committee
- IV. ANALYSIS:**

CalPERS currently has a contract for independent investment consulting services with Wilshire Associates Incorporated (Wilshire). The contract was entered into effect July 1, 2005, for a three year period, with the option of two one-year renewals. Under the full five year term, the contract would expire June 30, 2010. At this time, a contract extension has not been entered into for the final one year term, July 1, 2009 through June 30, 2010. Decisions to enter into these extensions are generally made several months in advance in order to allow time to make alternate arrangements, should that be necessary or appropriate.

Since 1983, CalPERS has engaged Wilshire to be the Board's Primary Investment Consultant. Wilshire has served without interruption as the result of a series of competitive solicitations and contract awards with varying durations during this period. Wilshire's current contract started on July 1, 2005 and is the result of a competitive solicitation conducted in 2004. As with all CalPERS consultant contracts, this contract is for a term of three (3) years with the option to extend for up to two successive one-year periods. If approved, this would be the final extension possible for this contract.

V. STRATEGIC PLAN:

This agenda item is consistent with the Strategic Plan:

- Goal VIII, manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits, and second, to minimize and stabilize contributions.
- Goal IX, achieve long-term, risk-adjusted returns.

VI. RESULTS/COSTS:

There are no additional costs associated with this agenda item. Funding for this contract is contained within the Investment Office existing budget.

Matt Flynn, Division Chief
Operations, Performance and Technology

Anne Stausboll
Interim Chief Investment Officer